

AMENDED IN ASSEMBLY APRIL 19, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1797**

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**Introduced by Assembly Member Torres**

February 21, 2012

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An act to amend Sections 50783 and 50784, 50784, and 50786 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL’S DIGEST

AB 1797, as amended, Torres. Mobilehome Park Purchase Fund.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park ~~Purchased Purchase~~ Fund to qualified mobilehome park residents, resident organizations, and nonprofit housing sponsors or local public entities to finance conversion of the parks to resident ownership and to make monthly housing costs affordable. ~~Existing law limits the loan amount to 95% of the approved conversion costs attributable to the low-income households or spaces in the park when approved by the department. Existing law limits the interest rate on loans to a rate of 3% per annum.~~

~~This bill would modify the maximum loan amount to 100% of the approved conversion costs attributable to the low-income households or spaces in the park when approved by the department.~~

*This bill would authorize the department to lower that interest rate if the department finds that it is necessary and will not jeopardize the financial stability of the fund. This bill would authorize the department to provide technical assistance to loan applicants, and to include the reasonable costs of that technical assistance as a part of the loan principal.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 50783 of the Health and Safety Code is  
2 amended to read:

3 50783. (a) The department may make loans from the fund to  
4 resident organizations for the purpose of financing mobilehome  
5 park conversion costs.

6 (b) Loans provided pursuant to this section shall be for a term  
7 of no more than three years and shall bear interest at a rate of 3  
8 percent per annum, *unless the department finds that a lower interest*  
9 *rate is necessary and will not jeopardize the financial stability of*  
10 *the fund.*

11 (c) Loans provided pursuant to this section shall be for the  
12 minimum amount necessary to enable a resident organization to  
13 acquire and convert the mobilehome park. To the extent possible,  
14 the loan amount shall not exceed 50 percent of the approved  
15 conversion costs. However, the loan amount may be for up to ~~100~~  
16 95 percent of the approved conversion costs attributable to the  
17 low-income households in the park when approved by the  
18 department.

19 (d) The department may grant approval to exceed 50 percent of  
20 the approved conversion costs only ~~where~~ *if* both of the following  
21 are demonstrated:

22 (1) That the applicant has made an effort to secure additional  
23 funds from other sources and these funds are not available.

24 (2) That the project would not be feasible, as determined by the  
25 department, without a waiver of the 50-percent financing limitation.

26 (e) The total secured debt in a superior position to the  
27 department's loan plus the department's loan shall not exceed the  
28 value of the collateral securing the loan.

29 SEC. 2. Section 50784 of the Health and Safety Code is  
30 amended to read:

31 50784. (a) The department may make loans from the fund to  
32 (1) individual low-income residents of mobilehome parks that have  
33 converted to resident ownership, (2) resident organizations that  
34 have converted or plan to convert a mobilehome park to resident  
35 ownership, or (3) qualified nonprofit housing sponsors or local

1 public entities that plan to acquire a mobilehome park, provided  
2 that no less than 30 percent of the spaces in the park are for  
3 occupancy by manufactured homes owned by low-income  
4 residents. The purpose of providing loans pursuant to this section  
5 is to reduce the monthly housing costs for low-income residents  
6 to an affordable level.

7 (b) (1) Any mobilehome park purchased by a local public entity  
8 with a loan pursuant to this section shall be transferred to a  
9 nonprofit housing sponsor or resident organization that has  
10 converted, or plans to convert, the park to resident ownership no  
11 later than three years from the date of loan closing, with all  
12 obligations under the loan assumed by the nonprofit organization  
13 or resident organization.

14 (2) If a local public entity has made a good faith effort, but has  
15 not been able, to transfer the park by the end of the three-year  
16 period, the entity may apply to the department for an additional  
17 three-year extension. Upon a determination by the department that  
18 the local public entity has made a good faith effort to transfer the  
19 park in accordance with paragraph (1), it shall have an additional  
20 three years from the expiration date of the first three-year period  
21 to consummate the transfer. The three-year extension shall only  
22 be granted once by the department for each loan to a local public  
23 entity.

24 (3) ~~Where~~ If a local public entity fails to make a good faith effort  
25 to transfer the park within the first three-year period, as determined  
26 by the department, or fails to transfer the park by the expiration  
27 date of the extended three-year period, it shall repay the loan in  
28 full to the department.

29 (c) Loans provided pursuant to this section shall be for a term  
30 of no more than 30 years and shall bear interest at a rate of 3  
31 percent per annum, *unless the department finds that a lower interest*  
32 *rate is necessary and will not jeopardize the financial stability of*  
33 *the fund.*

34 (d) The department may establish flexible repayment terms for  
35 loans provided pursuant to this section if the terms are necessary  
36 to reduce the monthly housing costs for low-income residents to  
37 an affordable level, and do not represent an unacceptable risk to  
38 the security of the fund. Flexible repayment terms may include,  
39 but are not limited to, graduated payment schedules with negative  
40 amortization.

(e) Loans provided to low-income residents pursuant to this section shall be for the minimum amount necessary to reduce the borrower's monthly housing costs to an affordable level. All of the following shall apply to loans to finance individual interests pursuant to this section:

(1) To the extent possible, loan amounts shall not exceed 50 percent of the acquisition costs of the individual interests in the mobilehome parks. However, the loan amounts may be for up to 100 percent of the acquisition costs of the individual interests in the mobilehome parks when approved by the department.

(2) The department may grant approval to exceed 50 percent of the acquisition costs of the individual interests only ~~where~~ *if* both of the following are demonstrated:

(A) That the low-income resident has made an effort to secure additional funding from other sources and these funds are not available.

(B) That the low-income resident would be unable to purchase an individual interest without a waiver of the 50-percent financing limitation.

(3) The total indebtedness of the loan provided pursuant to this section plus any senior debt upon individual interests may not exceed 100 percent of the value of the collateral securing the loan, plus the amount of costs incidentally, but directly, related to the acquisition.

(f) Loans provided to resident organizations, qualified nonprofit housing sponsors, or local public entities pursuant to this section shall be for the minimum amount necessary to reduce the monthly housing costs of low-income residents to an affordable level. All of the following shall apply to loans made to resident organizations, qualified nonprofit housing sponsors, or local public entities pursuant to this section:

(1) To the extent possible, loan amounts shall not exceed 50 percent of the conversion costs attributable to the low-income spaces. However, the loan amounts may be for up to ~~100~~ 95 percent of the conversion costs attributable to the low-income spaces when approved by the department.

(2) The department may grant approval to exceed 50 percent of the conversion costs attributable to low-income spaces only ~~where~~ *if* both of the following are demonstrated:

1 (A) That the applicant has made an effort to secure additional  
2 funds from other sources and these funds are not available.

3 (B) That the project would not be feasible as determined by the  
4 department without a waiver of the 50-percent financing limitation.

5 (3) The total secured debt in a superior position to the  
6 department's loan plus the department's loan shall not exceed the  
7 value of the collateral securing the loan plus the amount of costs  
8 incidentally, but directly, related to the acquisition and, if  
9 applicable, rehabilitation of the park.

10 (g) Funds provided pursuant to this section shall not be used to  
11 (1) assist residents who are not of low income, (2) reduce monthly  
12 housing costs for low-income residents to less than 30 percent of  
13 their monthly income, or (3) facilitate the purchase of a park by a  
14 qualified nonprofit corporation or local public entity from a public  
15 entity that had acquired the park prior to the commitment of the  
16 loan from the program.

17 (h) Subject to the restrictions of this subdivision, funds provided  
18 pursuant to this section may be used to finance the costs of  
19 relocating a mobilehome park to a more suitable site within the  
20 same jurisdiction if the department determines that the cost of the  
21 relocation, including any and all relocation costs to the affected  
22 households, is a more prudent expenditure of funds than the costs  
23 of needed or repetitive repairs to the existing park. Funds provided  
24 pursuant to this section shall not be used to relieve a park owner  
25 of any responsibility for covering the costs of mitigating the  
26 impacts of a park closure as may be provided for by local ordinance  
27 or pursuant to Section 65863.7 or 66427.4 of the Government  
28 Code.

29 *SEC. 3. Section 50786 of the Health and Safety Code is*  
30 *amended to read:*

31 50786. (a) The department shall adopt regulations for the  
32 administration and implementation of this chapter.

33 (b) The department shall obtain the best available security for  
34 loans made pursuant to this chapter. The security may include a  
35 note, deed of trust, assignment of lease, or other form of security  
36 on real or personal property ~~which~~ *that* the department determines  
37 is adequate to protect the interests of the state. To the extent  
38 applicable, these documents and any regulatory provisions shall  
39 be recorded or referenced in a recorded document in the office of

1 the county recorder of the county in which the mobilehome park  
2 is located.

3 (c) The degree of continuing regulatory control with respect to  
4 park operations and resident loans exercised by the department in  
5 making loans pursuant to this chapter shall be commensurate with  
6 the level of financial assistance provided and in all cases shall be  
7 adequate to protect the state's security interest and ensure the  
8 accomplishment of the purposes of the program authorized by this  
9 chapter. The regulatory requirements shall be set forth in a  
10 regulatory agreement, deed of trust, or other lien, and any violation  
11 of these requirements shall be considered a violation of a security  
12 document. ~~Where~~ If loans are made to a qualifying nonprofit  
13 housing sponsor or local public entity, a regulatory agreement shall  
14 be recorded against the mobilehome park. This regulatory  
15 agreement shall contain provisions limiting occupancy, rents, and  
16 park operation for the original loan term. The department may  
17 release individual spaces from the regulatory agreement only if  
18 they are purchased by residents who occupy them.

19 (d) Before providing financing pursuant to this chapter, the  
20 department shall require provision of, and approve, at least all of  
21 the following:

22 (1) Verification at the time of application and prior to funding  
23 that at least two-thirds of the households residing in the  
24 mobilehome park support the plans for acquisition and conversion  
25 of the park.

26 (2) Verification that either no park residents shall be  
27 involuntarily displaced as a result of the park conversion or the  
28 impacts of the displacement shall be mitigated as required under  
29 state and local law. For purposes of this requirement, compliance  
30 with Section 66427.5 of the Government Code shall be  
31 conclusively presumed to have mitigated economic displacement.

32 (3) Verification that the conversion is consistent with local  
33 zoning and land use requirements, other applicable state and local  
34 laws, and regulations and ordinances.

35 (4) Projected costs and sources of funds for all conversion  
36 activities.

37 (5) Projected operating budget for the park during and after the  
38 conversion.

39 (6) A management plan for the conversion and operation of the  
40 park.

1 (7) If necessary, a relocation plan for residents not participating  
2 that is in compliance with Chapter 16 (commencing with Section  
3 7260) of Division 7 of Title 1 of the Government Code.

4 (e) The department shall, to the greatest extent feasible, do all  
5 of the following:

6 (1) Require participation by cities and counties in loan  
7 applications submitted pursuant to this chapter.

8 (2) Contract with private lenders or local public entities to  
9 provide program administration and to service loans made pursuant  
10 to this chapter.

11 (3) Give priority to applications for resident-owned parks.

12 (f) *The department may provide technical assistance to loan*  
13 *applicants, and may include the reasonable costs of the technical*  
14 *assistance as a part of the loan principal.*